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SUDBURY CONTACT MINES,

L I M I T E D

ANNUAL REPORT



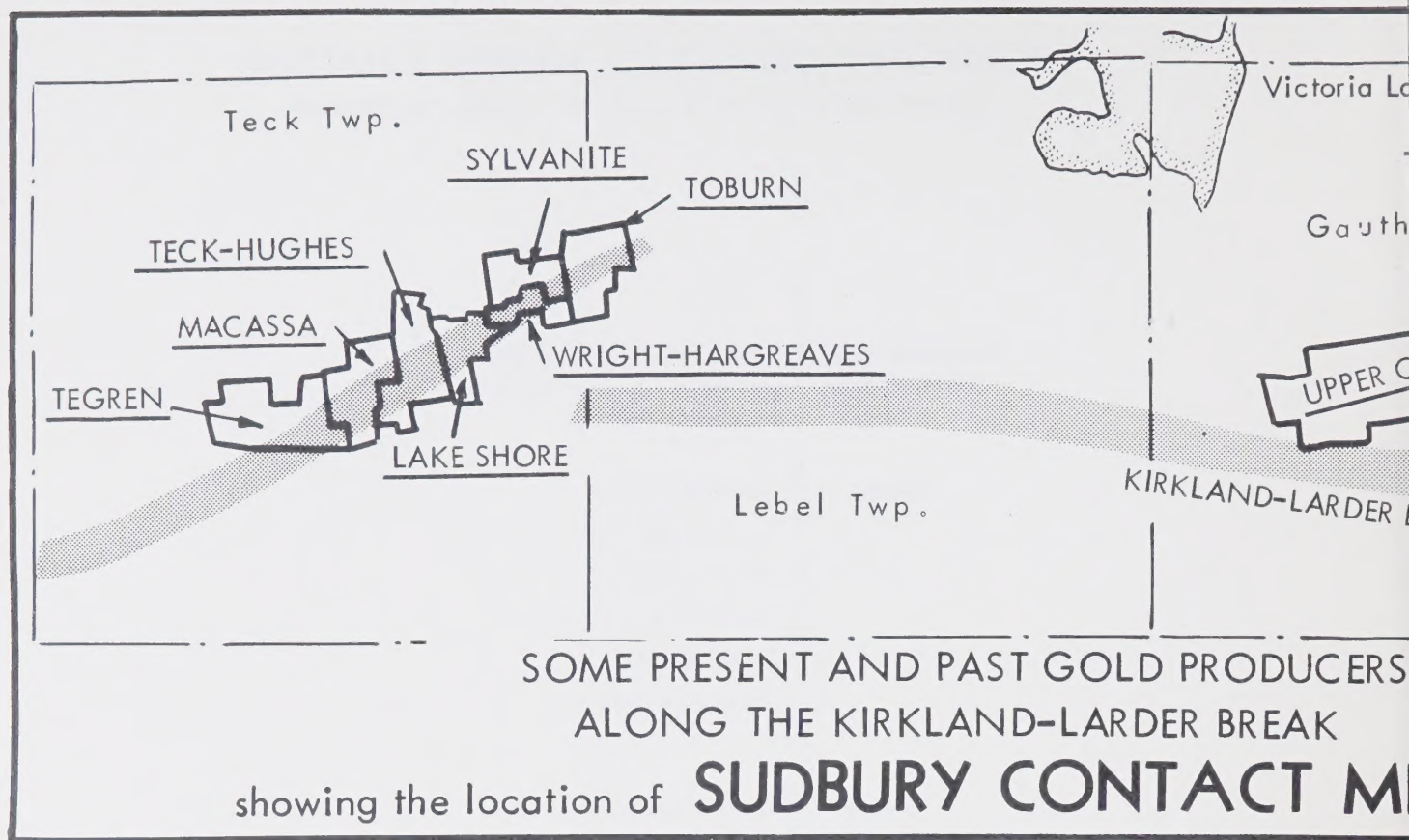
F O R T H E Y E A R E N D E D D E C E M B E R 3 1 S T

1973

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

Executive and Head Office	Suite 300, 365 Bay Street Toronto, Ontario M5H 2V1
Directors	ARCHIE BASEN ALLEN BINSTOCK MAURY DRUTZ MILTON KLYMAN PAUL PENNA ERNEST SHERIFF
Officers	PAUL PENNA, <i>President</i> MIKEY DRUTZ, <i>Secretary-Treasurer</i>
Consulting Geologist	W. A. HUBACHECK, B.Sc., P.Eng.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Willowdale, Ontario
Shares Listed	Toronto Stock Exchange Toronto, Canada
Annual Meeting	June 14, 1974, 11:00 a.m. (Toronto Time), The Library, Royal York Hotel, 100 Front Street West, Toronto, Ontario



Directors' Report to the Shareholders

The Directors present a general review of activities during 1973 and the subsequent period to date.

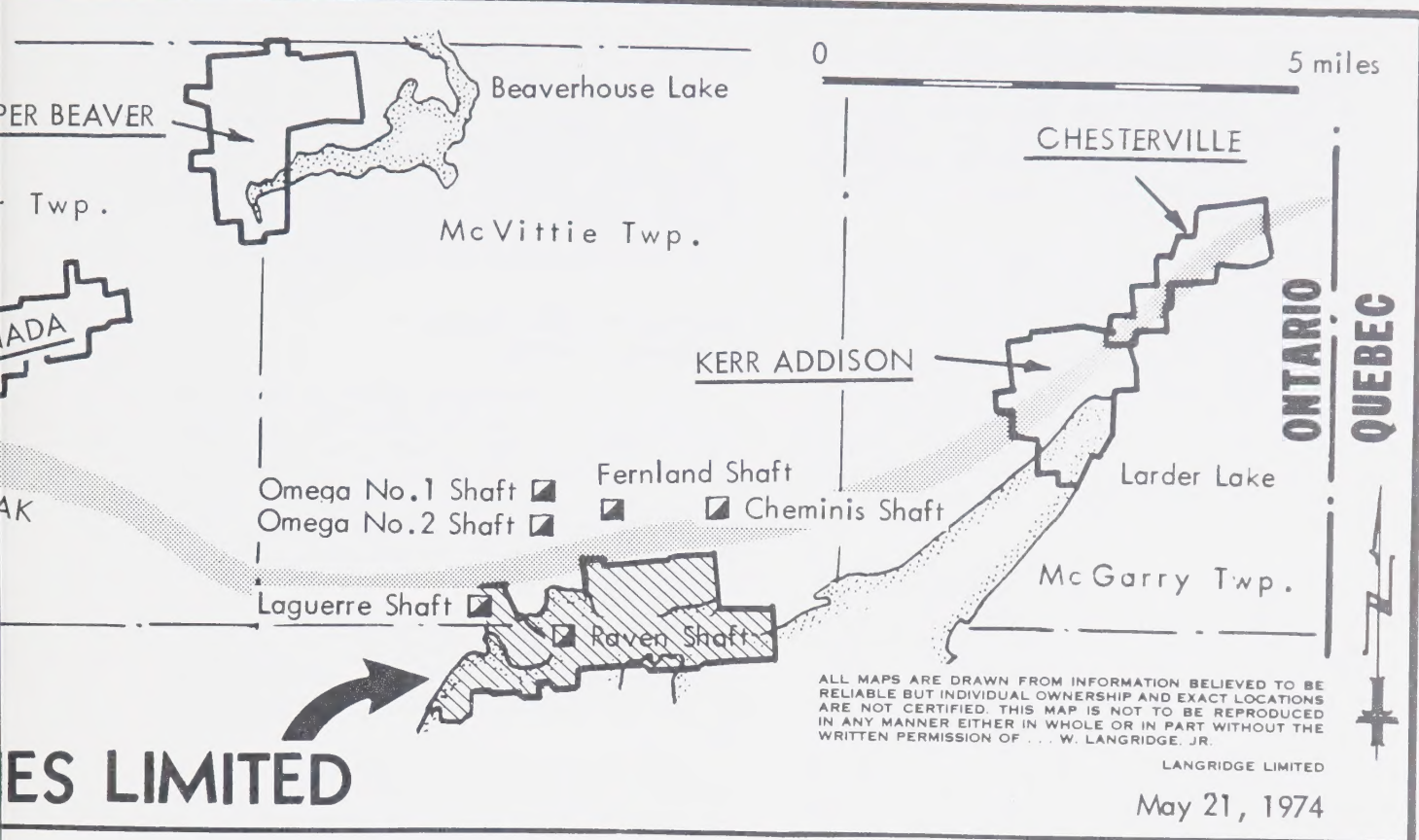
During the year, your Company has placed major emphasis of interest on the investigation of numerous gold properties in practical recognition of the dramatically improved economic circumstances relative to the gold mining industry. Events during the past two years clearly indicate the continuation and expansion of gold mining activity for a very considerable period. Consequently, a great number of properties have been exhaustively investigated in furtherance of these objectives.

The most significant development during 1973 concerns the acquisition of an option agreement by the Company on a group of 51 claims located along the famous Kirkland-Larder Lake Break that extends eastward into Quebec and hosts most of the gold deposits in the Kirkland Lake, Larder Lake, Rouyn, Malartic and Val d'Or areas. The claim block is situated about five miles west of the Kerr Addison Gold Mine.

Reference is made to the appended map of

the famed Kirkland-Larder Lake gold area of Ontario showing the strategic location of the large group of claims held by Sudbury Contact in this geologically favourable environment. This approximately twenty-five mile long portion of what is unquestionably the most prolific gold "belt" in Canada encompasses many of the important past and present producing mines whose combined cumulative value of gold recovery over the past half century is well in excess of \$1 billion. The nearest substantial producing mine to the Sudbury Contact properties is the Kerr Addison, located about five miles to the north-east. Kerr Addison has produced a remarkable total of nearly 10 million ounces of gold with a value of some \$350 million since production commenced in 1938.

This large claim assemblage covers several gold prospects including the Raven River (Harris-Maxwell) Mine and the Laguerre Mine which are developed by shafts some 2,500 feet apart to the 700 foot horizon. During 1937-39 the Raven River Mine produced 40,514 tons of ore averaging 0.187 ounce gold per ton. Gold mineralization at both of these mines occur in syenite stocks. Previous development results at \$35.00 gold was



not considered encouraging at either mine. However, with gold prices now in excess of \$150.00 an ounce further work is warranted.

Work is currently underway and consists of compiling the results of development work carried out at various intervals since 1905. This will be followed by a limited surface diamond drilling program to confirm previous results prior to dewatering the underground workings. Upon rehabilitating the underground workings, a program of definition drilling will be carried out to outline in detail the widespread gold mineralization within the two syenite stocks.

Montgomery Copper Property

Status of the Company's 35 claim copper prospect in the Blind River-Iron Bridge Area of Montgomery Township, Ontario, remains unchanged. This property covers a quartz vein system, the north vein of which has been traced at intervals across the property for a length of 18,000 feet. Diamond drilling during 1952-53 and 1970-71 along part of the favourable structure crossing the property indicated probable and possible ore shoots containing 184,500 tons grad-

ing 2.28% copper across an average width of 8.0 feet. Several of the principal ore shoots have been tested to relatively shallow depths, not exceeding 250 feet. All the presently known ore shoots are open at depth and considerable distances along the main north vein system remain to be tested.

Consideration is being given to doing further work on this property should the price of copper stabilize above 75¢ per pound.

Hebecourt Property — Noranda Area, Quebec

As previously reported, your Company optioned its 1,750 acre claim group in Hebecourt Township to Falconbridge Nickel Mines Limited. This option was granted during late October 1972, following the initial copper-zinc discovery made by Iso Mines Limited and Copperfields Mining Corporation about five miles to the south of your Company's property. The terms of the option with Falconbridge, which is renewable yearly until 1975, provide for certain annual expenditures for exploration and other related work, on the completion of which Falconbridge will have earned a 67% interest with your Company retaining a 33% interest.

During 1973 Falconbridge carried out considerable preliminary exploration including line-cutting, a horizontal loop EM survey followed by geochemical surveying over the favourable areas. This type of survey involved the drilling of numerous shallow holes through overburden to obtain samples at bedrock.

Several anomalous areas were indicated from the results of this work. Four diamond drill holes have been completed to date in one area. Substantial widths of low grade zinc and scattered copper values were intersected in these holes. In light of this encouragement, an I.P. (induced polarization) survey has been started which will cover the favourable rhyolite structure crossing the property for a length of 2.5 miles. Location of future drill holes will be influenced by the results of the I.P. survey.

Interest in the Hebecourt area was further heightened by the subsequent discovery in 1973 of a copper orebody on a 600 acre property owned by a consortium headed by New Inco Mines Limited which is adjacent to the east of the Iso-Copperfield find. Surface diamond drilling on the New Inco property was reported to have indicated an estimated 953,578 tons grading 2.79% copper. During March 1974, Noranda Mines Limited leased the New Inco property and stated it proposed to bring it into production as soon as possible.

It is calculated that the 600 acre New Inco property contains approximately 48 million pounds of copper and under the lease arrangement, assuming the recovery of this quantity of copper, New Inco would be entitled to payments totalling \$2,400,000 at a copper price of 65¢ per pound, with added provisional bonus payments if copper prices exceed 65¢ per pound at the time of mining.

Your Company's claim group covers a relatively unexplored band of rhyolites in a similar geological setting related to the Iso-Copperfield and New Inco deposits a few miles to the south.

Cabonga Area Properties — Quebec

The Cabonga area claims were staked in early 1973 on the basis of anomalous base metal indications in areas of favourable geology as shown on published results of a geochemical survey by the Quebec government. The claims consist of two groups now comprising respectively 48 and 50 claims as three additional claims were staked in the summer. This area is located 100 miles southeast of Val d'Or.

During the summer field season of 1973 the Company carried out a detailed geochemical soil sampling survey including some stream sediment sampling. This program is essentially directed toward a test of the nickel-copper possibilities

associated with ultrabasic intrusives and zinc associated with dolomite.

Results indicated a number of anomalies. Checking of these anomalies will be carried out this summer. Field parties are being mobilized for this purpose at the present time. Work will include additional soil sampling in anomalous areas plus prospecting and geophysical surveys.

Marmora Township Property — Southeastern Ontario

Due to the increasing price of gold your Company has been on the lookout for gold properties. Some of the earliest production from Ontario came from the Marmora area. The Cook Mine property comprising six claims was staked on favourable geology and according to government reports produced "considerable gold" between 1900 and 1905.

Ten short diamond drill holes were drilled in late 1973 for a total 1,341 feet. Results were disappointing in that only one intersection of interest was obtained — .34 oz./ton gold over 1.0 foot.

An additional claim was staked early in 1974 tied onto the corner of the "Cook" property. This was known as the Atlas Mine, located along the strike of the old Deloro Mine. Government reports state that one of the gold veins on the Atlas Mine property averages \$8/ton in gold with vein widths up to 15 feet. Some work is planned for this claim.


During July 1973 the Company negotiated the sale of 650,000 treasury shares under private placement to provide \$143,000 in new funds. It is noted that exploration costs and related expenditures resulted in working capital at year end amounting to \$72,780. Presently planned exploration expenditures for the current year, particularly with respect to the program envisaged for the large claim assemblage in the Kirkland-Larder Lake Gold Area would indicate that additional financing will be required. Shareholders will be asked to consider the special resolution increasing the authorized capital of the Company to provide additional treasury shares for this financing requirement.

Your Company anticipates a high level of exploration activity during the current year principally emphasizing the exploration and development of its gold properties.

On behalf of the Board of Directors,

"PAUL PENNA",
President.

May 30, 1974.



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Sudbury Contact Mines, Limited

ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and general meeting of the shareholders of Sudbury Contact Mines, Limited (the "Company") will be held at the Library, the Royal York Hotel, 100 Front Street West, Toronto, Ontario on Thursday, the 28th day of June, 1973, at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (1) To consider, and if deemed fit, confirm with or without variation, as a special by-law of the Company, By-law Number 19 being a new General By-law;
- (2) To receive and consider the financial statements of the Company as at December 31, 1972 together with the report of the auditors thereon;
- (3) To elect directors;
- (4) To appoint auditors; and
- (5) To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

Copies of the Annual Report and an Information Circular accompany this notice. A copy of By-law No. 19 may be inspected prior to the meeting at the head office of the Company, Suite 300, 365 Bay Street, Toronto, Ontario, during ordinary business hours.

DATED the 1st day of June, 1973.

By Order of the Board,

MIKEY DRUTZ,
Secretary-Treasurer.

Sudbury Contact Mines, Limited

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the management of Sudbury Contact Mines, Limited (the "Company") of proxies to be voted at the annual and general meeting of the shareholders of the Company called for the purposes set forth in the accompanying Notice of Meeting and to be held at the Library, Royal York Hotel, 100 Front Street West, Toronto, Ontario, on June 28, 1973, and at any adjournment or adjournments thereof. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by the directors of the Company. The cost of such solicitation will be borne by the Company.

REVOCATION OF PROXY

A shareholder executing the accompanying instrument of proxy has the power to revoke it at any time before it is exercised by giving notice in writing of such revocation to the Secretary-Treasurer of the Company or the Chairman of the meeting.

The authorized capital of the Company consists of 6,000,000 shares without par value of which 5,336,250 shares are presently outstanding. Shareholders of record at the time of the meeting are entitled to 1 vote for each share held.

To the knowledge of the directors and senior officers of the Company the only person or corporation which beneficially owns, directly or indirectly, more than 10% of the outstanding shares of the Company is Mentor Exploration and Development Co., Limited which owns 1,241,282 (23.26%) of the outstanding shares of the Company.

ELECTION OF DIRECTORS

It is proposed that the following persons will be nominated for election as directors of the Company to hold office for a term of 2 years from the date of their election or until the second annual meeting after such date, whichever later occurs. The following is information concerning the proposed nominees for election as directors. Information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually. In the event that any vacancies occur in the proposed slate of nominees listed below prior to the annual and general meeting of shareholders, it is intended to exercise the discretionary authority conferred by the accompanying instrument of proxy to vote for the election of any other person or persons as directors. Management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Director has served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During 5 Years</u>
Milton Klyman	None	Since Sept. 24, 1971	None	Broker-Dealer, M. Greene & Associates Limited
Ernest Sheriff	None	Since May 15, 1972	None	Prospector
Maury Drutz	None	Since May 17, 1973	None	Prospector

The following persons hold office as directors for a term of 2 years from June 23, 1972 or until the second annual meeting after such date, whichever later occurs. The following is information

concerning such directors. Information as to the shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Director has served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During 5 Years</u>
Paul Penna	President	Since Oct. 7, 1964	5,001	Executive, Jakmin Investments Limited
Archie Basen	None	Since April 25, 1967	3,501	Executive, American Louver of Canada Limited
Allen Binstock	None	Since May 17, 1973	1,000	Real Estate Agent, Ernest Goodman Limited

Jakmin Investments Limited is an investment company.

American Louver of Canada Limited is engaged in the manufacture of plastic ceiling louvers.

M. Greene & Associates Limited is a firm of stockbrokers.

Ernest Goodman Limited is a real estate brokerage firm.

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable to the directors and senior officers of the Company, as such, during the financial year of the Company ended December 31, 1972 was \$150.

Jakmin Investments Limited ("Jakmin") provides head office, accounting and secretarial services to the Company at a fee of \$800 per month. For the financial year of the Company ended December 31, 1972 the fee for these services aggregated \$9,600. Mr. Paul Penna, 50 Godfrey's Lane, Port Credit, Ontario, is a director, an officer and the principal shareholder of Jakmin. Mikey Drutz, the Secretary-Treasurer of the Company, is a director and the Secretary-Treasurer of Jakmin.

SPECIAL BUSINESS OF THE MEETING

Shareholders will be asked to confirm By-law Number 19 of the by-laws of the Company which is a new form of general by-law that the solicitors for the Company have suggested be implemented due to recent amendments to The Business Corporations Act of Ontario. In order for By-law Number 19 to become effective it must be confirmed by at least $\frac{2}{3}$ of the votes cast at the annual and general meeting of shareholders.

APPOINTMENT OF AUDITORS

Action is to be taken at the meeting with respect to the appointment of the Firm of Starkman, Kraft, Rothman, Berger & Grill as the auditors of the Company.

GENERAL INFORMATION

Information contained herein is given as of June 1, 1973. Management knows of no matters to come before the annual and general meeting of shareholders other than the matters set forth in the enclosed Notice of Meeting. Receipt at the meeting of the financial statements of the Company as at December 31, 1972 and the report of the auditors thereon will not constitute approval or disapproval of such financial statements and report.

June 1, 1973

